
POLICY LEVEL

PL-P6 Home Health Nursing Rate Increase

RECOMMENDATION SUMMARY TEXT

The Health Care Authority (HCA) requests \$93,000 (\$38,000 GF-State) in the 2016 Supplemental to increase payment rates, effective July 1, 2016, to address decreased access to Home Health Nursing. Access to home health nursing supports prompt hospital discharge and prevents hospital readmissions.

PACKAGE DESCRIPTION

The HCA's Apple Health (Medicaid) program covers intermittent skilled nursing services to be provided in the home under the home health benefit. Skilled nursing is provided by registered nurses (RN) and licensed practical nurses (LPN). This benefit also includes coverage for home health aides, and rehabilitation therapists. This benefit is one of two options to access skilled care to provide home-based services to clients once released from a hospital or in lieu of a hospital admission, if appropriate. (The other option is for private duty nursing which is for skilled care needs that are more than four hours but less than 16 hours per day.)

The HCA is experiencing decreased access to skilled nursing care through the home health benefit because the current reimbursement rate is not competitive or sufficient to prompt home health agencies to hire more staff to fill the need. The HCA has not been approved to increase the rates for this service since 2007. If the reimbursement rate is not sufficient to help cover staff salaries and benefits, companies are not incentivized to expand staff numbers to provide needed services. Currently, there is a notable gap between demand and supply in the area of skilled nursing home health resources.

Since 2011, the trend data for the number of users for this service has dropped from 4.25 per 1,000 eligible to 1.95 per 1,000 eligible. The data from fiscal year 2015 appears to have dropped even further as we have served only 1.4 per 1,000 eligible. Total expenditures for these services have dropped from \$2,550,000 per year to under \$500,000 in fiscal year 2015. This data strongly demonstrates the decline in access to these services. The clinical circumstances under which this care would be required have not changed, it is just continued in the inpatient setting or the clients are going home without skilled care. A scenario where a client needs skilled home care, but is at home trying to manage by themselves, results in poor health care outcomes and readmissions or emergency room use; all more costly alternatives for care.

Nursing agencies they do not have the nursing staff to accept all the cases, or they must limit the number of Medicaid clients they service in their case mix to avoid losing money. Agencies also report they cannot compete with hospital salaries because the rate of reimbursement from Medicaid is so low. They hire and train staff, only to have them leave for higher paying jobs in a hospital setting.

Low home health payment rates also impact hospitals as they are unable to discharge clients to the next level of care. Seattle Children's Hospital, Harborview and other hospitals are calling the HCA to express

their concern about the lack of discharge options available to patients and the effect this is having on their bed utilization and operational costs. Paying for skilled nursing services under the home health benefit is a more cost effective use of health care dollars. Extended hospital stays are not cost effective for Medicaid or the hospitals. It has an adverse effect on the bottom line for both parties, as well as the patients, who can be exposed to sources of infection and adverse health care outcomes, which can require more treatment and consumes more health care dollars.

A comparison of rates found that Medicaid’s rate is 62 percent of Medicare’s rate and 73 percent of commercial payers. It is difficult to compete for access to a limited service at a reimbursement rate of \$89.50, when Medicare pays \$142.70 and commercial carriers are paying an average of \$122.89 per visit.

The HCA is requesting funding to increase reimbursement for registered nurses and licensed practical nurses by \$10.00 per hour to assure access to this service. This will increase the rate for a skilled nursing visit to \$99.50 per visit for the fee for service population. Managed care rates would need to be negotiated with the managed care plans.

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FISCAL DETAILS/OBJECTS OF EXPENDITURE

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
1. Operating Expenditures:			
Fund 001-1 GF-State	\$ -	\$ 38,000	\$ 38,000
Fund 001-2 GF-Federal	\$ -	\$ 19,000	\$ 19,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ -	\$ 36,000	\$ 36,000
Total	\$ -	\$ 93,000	\$ 93,000
	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
2. Staffing:			
Total FTEs	-	-	-

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
3. Objects of Expenditure:			
A - Salaries And Wages	\$ -	\$ -	\$ -
B - Employee Benefits	\$ -	\$ -	\$ -
C - Personal Service Contracts	\$ -	\$ -	\$ -
E - Goods And Services	\$ -	\$ -	\$ -
G - Travel	\$ -	\$ -	\$ -
J - Capital Outlays	\$ -	\$ -	\$ -
N - Grants, Benefits & Client Services	\$ -	\$ 93,000	\$ 93,000
Other (specify) -	\$ -	\$ -	\$ -
Total	\$ -	\$ 93,000	\$ 93,000
	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
4. Revenue:			
Fund 001-2 GF-Federal	\$ -	\$ 19,000	\$ 19,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ -	\$ 36,000	\$ 36,000
Total	\$ -	\$ 55,000	\$ 55,000

NARRATIVE JUSTIFICATION

WHAT SPECIFIC PERFORMANCE OUTCOMES DOES THE AGENCY EXPECT?

The agency hopes to secure and maintain consistent access to home health nursing care services. Accessing this care will prevent emergency room visits, prevent inpatient readmissions, prevent skilled nursing facility admissions, and support prompt inpatient discharge. Increasing the utilization of home health services to deliver skilled care is a better use of state dollar than paying for these more costly alternatives. It also supports better health care outcomes.

PERFORMANCE MEASURE DETAIL

Activity Inventory

H005 National Health Reform
 H010 HCA Apple Health
 H012 HCA All Other Clients – Fee for Services – Optional Services

IS THIS DECISION PACKAGE ESSENTIAL TO IMPLEMENT A STRATEGY IDENTIFIED IN THE AGENCY'S STRATEGIC PLAN?

Yes, it supports the Health Care Authority's role in achieving a healthier Washington by assuring accessibility to quality home-based skilled nursing care to provide assessment and treatment in the home in lieu of an inpatient setting or a skilled nursing facility.

DOES THIS DECISION PACKAGE PROVIDE ESSENTIAL SUPPORT TO ONE OR MORE OF THE GOVERNOR'S RESULTS WASHINGTON PRIORITIES?

Yes, increasing reimbursement rates for home-based skilled nursing care contributes to the Results Washington Goal “Healthy and Safe Communities” because individuals will be healthier through the delivery of this care.

WHAT ARE THE OTHER IMPORTANT CONNECTIONS OR IMPACTS RELATED TO THIS PROPOSAL?

With the implementation of the Affordable Care Act (ACA) and the expansion in Medicaid enrollees, Medicaid no longer represents a small portion of the patient case mix. There are more Medicaid eligible individuals requiring services, and therefore, it is reasonable that Medicaid should assume responsibility for a more equitable reimbursement for these services.

Excessive inpatient days are costly to hospitals. The reimbursements they receive do not cover the costs associated with extended stays and hospitals must assume those costs. The hospitals are very interested in any measures that can be taken to promote the efficient delivery of acute inpatient services and timely discharge. In addition, the Washington State Hospital Association (WSHA) is supportive of measures that will assist in achieving the statewide goal of reducing potentially preventable readmissions.

The Home Health Association is very interested in measures that will support adequate reimbursement for the care they are experts in delivering and consistent with their mission: to provide quality home health care and aid the client in their recovery.

WHAT ALTERNATIVES WERE EXPLORED BY THE AGENCY, AND WHY WAS THIS ALTERNATIVE CHOSEN?

One alternative considered is to do nothing. If we do nothing we will not be addressing the home based care access needs for our clients.

WHAT ARE THE CONSEQUENCES OF NOT ADOPTING THIS PACKAGE?

If the HCA does not secure increased access to skilled nursing care services, children and adults will remain in the hospital setting, which is a misuse of appropriated health care dollars. It is more cost effective to transfer these individuals to a home or community setting where they can safely receive proper skilled nursing services. Access to these delivery models should be supported by increasing the reimbursement rate for skilled nursing in both models.

WHAT IS THE RELATIONSHIP, IF ANY, TO THE STATE CAPITAL BUDGET?

None

WHAT CHANGES WOULD BE REQUIRED TO EXISTING STATUTES, RULES, OR CONTRACTS TO IMPLEMENT THE CHANGE?

None

EXPENDITURE AND REVENUE CALCULATIONS AND ASSUMPTIONS

REVENUE CALCULATIONS AND ASSUMPTIONS:

The anticipated increase in federal revenue that would result from this proposal represents a blended federal medical assistance percentage (FMAP)

EXPENDITURE CALCULATIONS AND ASSUMPTIONS:

Utilization data from fiscal year 2015 was used to assume change that would occur in total expenditures, if these services had been paid at the requested \$10.00 rate increase. These services would have cost an additional \$92,650 at the utilization experienced in fiscal year 2015. The agency cannot predict what the change in utilization of this service will be if rates are increased as requested. The HCA anticipates this rate change being effective July 1, 2016.

DISTINCTION BETWEEN ONE-TIME AND ONGOING COSTS:

These costs will be ongoing.

BUDGET IMPACTS IN FUTURE BIENNIA:

Impact on future biennia will be ongoing costs that may vary depending on number of enrolled clients who require the service and their utilization of the services.

